

**Public Libraries of Saginaw, Michigan**

**Annual Financial Statements**

**and**

**Auditors' Report**

**June 30, 2008**

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# **Public Libraries of Saginaw, Michigan**

## **List of Elected and Appointed Officials**

**June 30, 2008**

### Library Board

Carol Selby	President
Tina Gutierrez	Vice President
Joan B. Brownell	Treasurer
Neville Britto	Secretary
Ann Schneider Branch	Board Member
Pamela N. Clark	Board Member
Ralph Martin	Board Member

### Administration

Trish Burns	Library Director
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## **Independent Auditors' Report**

To the Board  
Public Libraries of Saginaw, Michigan  
Saginaw, Michigan

We have audited the basic financial statements of the Public Libraries of Saginaw, Michigan, as of and for the year ended June 30, 2008, as listed in the table of contents. The financial statements are the responsibility of the Public Libraries of Saginaw, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The Public Libraries of Saginaw, Michigan, the Saginaw Public Libraries Foundation and the Hoyt Trust are separate entities having significant interrelationships, however, each is funded separately. The Public Libraries of Saginaw, Michigan contractual expense to the Hoyt Trust is primarily for maintenance and occupancy expenses of the Hoyt Public Library. Our audits of the Hoyt Trust and Saginaw Public Libraries Foundation are under separate cover.

The financial statements of one of the component units does not depreciate its exhaustible capital assets as required by accounting principles generally accepted in the United States of America. The effect on the financial statements of the component unit is not reasonably determinable.

In our opinion, except for the effects of the above paragraph, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Public Libraries of Saginaw, Michigan, at June 30, 2008 and its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Libraries' basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
October 20, 2008

# Public Libraries of Saginaw, Michigan

## Management's Discussion and Analysis

### June 30, 2008

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This section of the financial report presents our discussion and analysis of the Public Libraries of Saginaw financial performance during the year ended June 30, 2008. It is meant to provide an overall review of the Library's financial activities and provide a look at its past and current financial position. Readers should also review the Library's financial statements, immediately following this section, to enhance their understanding of the Library's financial performance.

This financial report is presented in the format required by the Governmental Accounting Standards Board (GASB) in their Statement Number 34, issued in June of 2000. Certain comparative information is required to be contained in financial statements that are prepared according to GASB 34 guidelines.

#### **Using this Annual Report**

This annual report consists of the following four parts:

- Management's Discussion and Analysis (this section)
- Basic Financial Statements
- Required Supplemental Information
- Other Supplemental Information

These statements are organized to help the reader understand the financial position of the Public Libraries of Saginaw as a whole. The Government-wide Financial Statements provide information about the activities of the Library as a whole. The fund financial statements provide the next level of detail, providing more detailed information about the Library's General Fund. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by required supplemental information that supports and further

explains the financial statements with a comparison of the Library's budget for the year.

#### **Government-Wide Financial Statements**

The Government-wide statements are new and provide financial information of the Library as a whole. They report on the governmental activities of the Library, which includes most of the Library's basic services, including programming and technology. These activities are mostly funded by property taxes, penal fines and state shared revenue. These statements use the full accrual basis of accounting, similar to private sector companies. There are two Government-wide statements: The Statement of Net Assets and the Statement of Activities.

The **Statement of Net Assets** includes all the assets and liabilities of the Library, whether short-term or long-term, and regardless of whether or not they are currently available. As a result, capital assets and long-term obligations of the Library are included in this statement.

The **Statement of Activities** accounts for current year revenues regardless of when cash is received or paid, consistent with the full accrual basis method of accounting. The intent of this statement is to summarize and simplify the user's analysis of the costs of various Library services.

When analyzed together, these two statements help the reader determine whether the Library is financially stronger or weaker as a result of the year's activities. Both statements report the Library's net assets, which is the difference between the library's assets and liabilities. The change in net assets is one way to measure the Library's financial health or position. Over time, increases and decreases in the Library's net assets

**Public Libraries of Saginaw, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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are an indicator of whether the Library's financial health is improving or deteriorating. However, the Library's goal is to provide services to our patrons not generate profits as in the private sector. As a result, other non-financial factors should be considered in assessing the overall health of the Library. Such factors would include the condition of the Library's building and the property tax base of the library.

**Fund Financial Statements**

The fund financial statements focus on providing more detailed information about the major funds of the Library and not on the Library as a whole, as reported in the Government-wide statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "*measurable*" and "*currently available*" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources. The fund statements provide a detailed short-term view of the Library's operations and help in determining whether there are more or less financial resources available in the near future to finance the Library's programs and services provided.

In general, the fund financial statements have changed very little as a result of GASB 34 requirements and are comparable to prior year financial statements. The primary difference is that the Account Groups (General Fixed Assets and general Long-term Debt) are no longer reported.

**Summary of Net Assets**

<b><u>Government Activities</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>Assets</b>		
Current assets	\$ 12,092,666	\$ 11,725,869
Capital assets	<u>4,033,043</u>	<u>4,150,731</u>
Total assets	<u>16,125,709</u>	<u>15,876,600</u>
<b>Liabilities</b>		
Current liabilities	258,082	234,217
Long-term liabilities	<u>117,671</u>	<u>110,608</u>
Total liabilities	<u>375,753</u>	<u>344,825</u>
<b>Net Assets</b>		
Total capital assets	4,033,043	4,115,731
Unrestricted	<u>11,716,913</u>	<u>11,416,044</u>
Total net assets	<u>\$ 15,749,956</u>	<u>\$ 15,531,775</u>

The net assets for the Library were \$15,749,956 at June 30, 2008. The largest portion of the Library's net assets consist of unrestricted net assets that will be used for funding future programming, capital improvements, material, technology upgrades, and for maintaining adequate cash flow to eliminate the need for borrowing.

Unrestricted net assets are similar but not identical to fund balance. A reconciliation of the difference between the change in net assets and a change in fund balance is included the basic financial statements.



**Public Libraries of Saginaw, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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**Statement of Net Assets Operating Results**

<b>Governmental Activities</b>	<b>2008</b>	<b>2007</b>
<b>Revenues</b>		
Program revenues		
Charge for services	\$ 150,980	\$ 149,468
Operating grants and contributions	909,171	888,366
General revenue		
Property tax	3,598,149	3,710,944
Penal fines	446,000	564,053
Single business tax	271,734	273,198
State aid - unrestricted	86,637	104,897
Interest and investment earnings	529,378	509,939
Other	87,484	51,394
Total revenues and transfers	<u>6,079,533</u>	<u>6,252,259</u>
<b>Expenses</b>		
Main Library	3,611,233	3,392,292
Zauel Library	1,039,485	990,594
Butman-Fish Library	894,731	867,043
Claytor Library	154,497	145,386
Ruth Brady Wickes Library	<u>161,406</u>	<u>164,277</u>
Total expenses	<u>5,861,352</u>	<u>5,559,592</u>
Increase in net assets	218,181	692,667
Net assets - beginning of year	<u>15,531,775</u>	<u>14,839,108</u>
Net assets - end of year	<u>\$ 15,749,956</u>	<u>\$ 15,531,775</u>

As shown above, the net assets for the Library increased by \$218,181 during the year.

The *Statement of Activities* presented later in the government-wide financial statements provides greater detail on the Library's annual activity. As reported in the statement of activities, the cost of all government activities this year was \$5.8 million. However, the amount that was ultimately financed by our taxpayers through property taxes was \$3.5 million. Nearly 7.35% of the Library's revenue is from penal fines and 1.4% is from state shared revenue.

Up until July 1, 2004, the Library levied 4 mills in property taxes on city, Kochville and Zilwaukee properties. Beginning July 1, 2004, we are able to levy only 3.9947 mills because of the Headlee Tax rollback we experienced as a result of higher growth than expected in Kochville and Zilwaukee.

**Local Property Tax History**

Fiscal Year Revenue	% of Revenue	Local Property Tax
2008	56%	\$3,381,159.00
2007	57%	\$3,532,518.00
2006	61%	\$3,685,079.00
2005	62%	\$3,528,559.00
2004	65%	\$3,613,975.00

Local property tax revenues in the table include the receipt of delinquent taxes from prior years.

**Budgetary Highlights**

The library added nearly \$384,000 to its fund balance this year. This exceeds our expectation of a near balanced budget. \$250,000 of this amount will be placed in a designated

**Public Libraries of Saginaw, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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Technology budget for use in the next two years as the Library implements large technology projects. The remainder will be placed in a designated Materials line. Interest income was over budget by \$252,784 due to conservative budgeting. A final, unexpected payment of the Sales Tax Inventory Reimbursement in the amount of \$271,733 was a majority of the increase in unexpected revenue.

As more senior staff leave and are replaced, we have more employees out of the higher-cost Michigan Public School Employees Retirement System and into the Municipal Employees Retirements System. This has resulted in, and will continue to cause, substantial savings for the Library.

#### **Budget Adjustments**

Budget adjustments this year were minimal overall. Sub salaries were adjusted upwards by \$7,000 to compensate for an ongoing database project. A severe winter forced an increase of \$3,255 in the snow removal line item at Hoyt. Both Butman-Fish and Zauel saw an increase of \$8,500 and \$4,225, respectively, for increases in their security guard line items.

#### **Revenue Threats**

There are several threats looming in the future for Library revenue. Last year, total penal fines were down by 20%; we expect the same decline to follow this year.

Current local taxes continue to be of concern. The number of vacant homes in the city is increasing sharply and we expect that revenue to decline. Repayment of taxes back to the county due to home foreclosures rose sharply this year,

accounting for an additional \$20,000 in that line item. This year looks to be even worse.

Tax abatements will continue to affect our revenues, especially in the city. We know that declines in city population, demolition of property and the resultant loss in tax base will affect us even more as time goes on.

Renaissance zone revenue has increased in contrast to general property tax revenue. As properties qualify for Renaissance zone exemptions, they move off the regular tax rolls and the state makes up what is lost. If they lose their qualification, they revert back to the regular rolls and the revenue is then collected by the city and remitted to the library. So we should expect some fluctuation between the two revenue sources over time, which makes for difficult budgeting.

State Aid funding was cut by another 18% this year, keeping with the trend of cuts over the past two years. This revenue source is expected to continue to decrease.

No major revenue line items are projected to increase in the next fiscal year, only decrease.

#### **Requests for Information**

This financial report is designed to provide a general overview for anyone interested in the Library's finances and to demonstrate the Library's accountability for the money it received. Questions concerning this report or requests for additional information should be addressed to:

Library Director  
Public Libraries of Saginaw

**Public Libraries of Saginaw, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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505 Janes Avenue  
Saginaw, MI 48607  
Telephone number (989) 755-9833

**Component Units**

The component units' columns in the financial statements include the financial data of the Library's two component units, Hoyt Trust and Saginaw Public Libraries Foundation. These units, which have the same board members as the Public Libraries of Saginaw, Michigan are reported in separate columns to emphasize that they are legally separate from the Library.

The Library's financial statements include condensed financial statements of the Hoyt Trust. The Library's financial statements include complete financial statements of the Saginaw Public Libraries Foundation. Complete audited financial statements of the Hoyt Trust and Saginaw Public Libraries Foundation can be obtained from the administrative offices of the Public Libraries of Saginaw, Michigan at 505 Janes Street, Saginaw, Michigan 48607.

**Public Libraries of Saginaw, Michigan**  
**Statement of Net Assets**  
**June 30, 2008**

	<u>Primary Government</u>	<u>Component Units</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 11,237,290	\$ 529,443
Investments	-	1,021,464
Accounts receivable	-	3,826
Interest receivable	145,158	-
Due from other governmental units	647,070	-
Prepaid expenses	63,148	-
Total current assets	<u>12,092,666</u>	<u>1,554,733</u>
Noncurrent assets		
Assets held by others	-	791,131
Capital assets not being depreciated	35,000	4,647,061
Capital assets, net of accumulated depreciation	<u>3,998,043</u>	<u>-</u>
Total noncurrent assets	<u>4,033,043</u>	<u>5,438,192</u>
Total assets	<u>16,125,709</u>	<u>6,992,925</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	136,115	13,894
Accrued payroll and related liabilities	88,067	-
Deferred revenue	<u>33,900</u>	<u>-</u>
Total current liabilities	<u>258,082</u>	<u>13,894</u>
Noncurrent liabilities		
Accrued compensated absences	<u>117,671</u>	<u>-</u>
Total liabilities	<u>375,753</u>	<u>13,894</u>
<b>Net assets</b>		
Invested in capital assets	4,033,043	4,647,061
Restricted for:		
Hoyt Trust	-	1,122,541
Saginaw Public Library Foundation	-	367,467
Unrestricted	<u>11,716,913</u>	<u>841,962</u>
<b>Total net assets</b>	<u>\$ 15,749,956</u>	<u>\$ 6,979,031</u>

See Accompanying Notes to Financial Statements

**Public Libraries of Saginaw, Michigan**  
**Statement of Activities**  
**Year Ended June 30, 2008**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
<b>Primary government</b>						
Governmental activities						
Main library	\$ 3,611,233	\$ 111,233	\$ 90,922	\$ -	\$ (3,409,078)	\$ -
Zauel	1,039,485	39,747	818,249	-	(181,489)	-
Butman Fish	894,731	-	-	-	(894,731)	-
Claytor	154,497	-	-	-	(154,497)	-
Ruth Brady Wickes	161,406	-	-	-	(161,406)	-
Total governmental activities	<u>\$ 5,861,352</u>	<u>\$ 150,980</u>	<u>\$ 909,171</u>	<u>\$ -</u>	<u>(4,801,201)</u>	<u>-</u>
<b>Component units</b>						
Hoyt Trust	\$ 310,424	\$ 200,019	\$ -	\$ -	-	(110,405)
Saginaw Public Library Foundation	65,892	-	52,442	-	-	(13,450)
Total component activities	<u>\$ 376,316</u>	<u>\$ 200,019</u>	<u>\$ 52,442</u>	<u>\$ -</u>	<u>-</u>	<u>(123,855)</u>
General revenues						
Property taxes, levied for general purposes					3,598,149	-
Penal fines					446,000	-
Single business tax					271,734	-
State aid - unrestricted					86,637	-
Interest and investment earnings					529,378	53,119
Other					87,484	37,797
Total general revenues and special items					<u>5,019,382</u>	<u>90,916</u>
Change in net assets					218,181	(32,939)
Net assets - beginning					<u>15,531,775</u>	<u>7,011,970</u>
<b>Net assets - ending</b>					<u>\$ 15,749,956</u>	<u>\$ 6,979,031</u>

See Accompanying Notes to Financial Statements

**Public Libraries of Saginaw, Michigan**  
**Balance Sheet**  
**General Fund**  
**June 30, 2008**

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**Assets**

Cash and cash equivalents	\$ 11,237,290
Interest receivable	145,158
Due from other governmental units	647,070
Prepaid expenses	<u>63,148</u>

**Total assets**

\$ 12,092,666

**Liabilities**

Accounts payable	\$ 136,115
Accrued payroll and related liabilities	88,067
Deferred revenue	<u>145,141</u>

**Total liabilities**

369,323

**Fund balance**

Reserved for encumbrances	
Saginaw Public Library	60,958
Zauel Public Library	14,489
Component units	523
Prepaid expense	63,148
Designated by the board for	
Zauel operations	348,436
Technology upgrade	844,612
Repair, replacement and improvement	1,245,000
Materials	298,763
Procurements and operations	275,450
Undesignated	<u>8,571,964</u>

**Total fund balance**

11,723,343

**Total liabilities and fund balance**

\$ 12,092,666

See Accompanying Notes to Financial Statements

**Public Libraries of Saginaw, Michigan**  
**Reconciliation of the Balance Sheet of**  
**General Fund to the Statement of Net Assets**  
**June 30, 2008**

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<b>Total general fund balance</b>	<b>\$ 11,723,343</b>
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Total net assets reported for governmental activities in the statement of net assets is different because:

Deferred property taxes	\$ 23,000	
Deferred interest	<u>88,241</u>	111,241

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.  
Those assets consist of:

Land	35,000	
Buildings and building improvements	1,810,498	
Furniture and equipment	548,437	
Leasehold improvements	3,604,313	
Accumulated depreciation	<u>(1,965,205)</u>	4,033,043

Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.  
Balances as of June 30, 2008 are as follows:

Compensated absences payable	<u>(117,671)</u>
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<b>Net assets of governmental activities</b>	<b><u>\$ 15,749,956</u></b>
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**Public Libraries of Saginaw, Michigan**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**General Fund**  
**Year Ended June 30, 2008**

<b>Revenues</b>	
Current local taxes	\$ 3,360,920
Interest on delinquent taxes	18,725
Payments in lieu of taxes	204,990
Delinquent taxes	1,514
Single business tax	271,734
Contract income	837,132
State aid	86,637
Grants	66,035
Contributions and gifts	72,039
Book fines and fees	62,710
Penal fines	446,000
Telefacsimile fees	7,175
Copy machines	12,734
Investment income	558,418
Microcomputer support and maintenance	6,075
Universal service fund	10,132
Concessions	18,415
Processing data entry	49,946
Miscellaneous	<u>29,242</u>
Total revenues	<u>6,120,573</u>
<b>Expenditures</b>	
Main library	3,512,309
Zauel	1,029,131
Butman Fish	885,657
Claytor	151,297
Ruth Brady Wickes	<u>158,207</u>
Total expenditures	<u>5,736,601</u>
Excess of revenues over expenditures	383,972
Fund balance - beginning of year	<u>11,339,371</u>
<b>Fund balance - end of year</b>	<u><u>\$ 11,723,343</u></u>

See Accompanying Notes to Financial Statements



**Public Libraries of Saginaw, Michigan**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of**  
**General Fund to the Statement of Activities**  
**Year Ended June 30, 2008**

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**Net change in fund balances - general fund** **\$ 383,972**

Total change in net assets reported for governmental activities in the statement of activities  
is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities  
the cost of those assets is allocated over their estimated useful lives and reported as depreciation  
expense.

Depreciation expense	(159,993)
Capital outlay	42,305

Revenues in the statement of activities that do not provide current financial resources are not  
reported as revenue in the funds.

Property taxes	\$ (12,000)	
Interest	<u>(29,040)</u>	(41,040)

Some expenses reported in the statement of activities do not require the use of current financial  
resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absences payable	<u>(7,063)</u>
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**Change in net assets of governmental activities** **\$ 218,181**

**Public Libraries of Saginaw, Michigan**  
**Notes to Financial Statements**  
**June 30, 2008**

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**Note 1 - Significant Accounting Policies**

The financial statements of the Public Libraries of Saginaw, Michigan, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to the Library. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies are described below.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, normally supported by taxes and inter-governmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenue are reported as general revenue.

**Reporting Entity**

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Public Libraries of Saginaw, Michigan and its component units. The component units discussed below are included in the Library's reporting entity because of the significance of their operational or financial relationships with the Library.

**Component Units**

The component units' columns in the financial statements include the financial data of the Library's two component units, Hoyt Trust and Saginaw Public Libraries Foundation. These units, which have the same board members as the Public Libraries of Saginaw, Michigan are reported in separate columns to emphasize that they are legally separate from the Library.

**Hoyt Trust**

The Hoyt Trust was established under the will of Jesse Hoyt in June of 1882. The endowment to the Hoyt Trust included money to construct the Hoyt Library. The funds of the Hoyt Trust are controlled by the Hoyt Trust Board and are reserved for the purpose of maintaining the Hoyt Library as a reference library per the terms of the will of Jesse Hoyt. By the 1920's the Hoyt Trust was no longer financially capable of supporting Hoyt Library services. The Hoyt Trust's inability to support the Hoyt Library lead to the merger of Hoyt Library and the Public Libraries of Saginaw with the Public Libraries of Saginaw renting the Hoyt Library from the Hoyt Trust. Since that time the Trust has continued to provide modest financial support to the Hoyt Library.

The Library's financial statements include condensed financial statements of the Hoyt Trust.

**Saginaw Public Libraries Foundation**

The Saginaw Public Libraries Foundation was created to provide a means of giving into posterity to the Public Libraries of Saginaw.

**Public Libraries of Saginaw, Michigan**  
**Notes to Financial Statements**  
**June 30, 2008**

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This foundation raises money to be used to purchase books and other library materials as a supplement to the regular library materials budget. Only a portion of the earnings from the Foundation investments are used annually, allowing the principal to remain to generate earnings for future library materials support and services.

The Library's financial statements include complete financial statements of the Saginaw Public Libraries Foundation. The Foundation assets are held in trust at Merrill Lynch. Complete audited financial statements of the Saginaw Public Library Foundation can be obtained from the administrative offices of the Public Libraries of Saginaw, Michigan at 505 Janes Street, Saginaw, Michigan 48607.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Library reports only one fund as follows:

- The General Fund is used to record the operations of the Library which pertain to maintaining and operating of the Public Libraries of Saginaw, Michigan. Included are all transactions related to the approved current operating budget.

**Assets, Liabilities and Equity**

*Cash and investments* – The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of 3 months or less when acquired. Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair value.

*Receivables and payables* – All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Property taxes are assessed as of December 31 and the related taxes become a lien on March 1 of the following year. The Libraries' taxes are due in July with the final collection date on February 28 before they are added to the County tax rolls. The delinquent real property taxes of the City are purchased by Saginaw County. These taxes have been recorded as revenue in the current year.

*Prepaid items* – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Public Libraries of Saginaw, Michigan**  
**Notes to Financial Statements**  
**June 30, 2008**

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*Capital assets* – Purchased or constructed capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The Library does not have infrastructure assets. Buildings, furniture and equipment, and leasehold improvements are depreciated using the straight-line method over the following useful lives:

Building and building improvements	20 to 50 years
Furniture and equipment	5 to 10 years
Leasehold improvements	20 to 50 years

*Compensated absences* – Sick days are earned by employees at the rate of one per month. Unlimited unused sick days may be accumulated by an employee. Retiring employees who meet certain age and years of service requirements are paid for accumulated sick days to a maximum of 90 days at half of their normal rate.

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments, and other employees who are expected to become eligible in the future to receive such payments upon termination, are included. The amount reported includes fringe benefits.

*Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside

parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Note 2 - Budgetary Policies and Data**

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the State. The law requires appropriation acts to be adopted for the General Fund.

The Board adopts appropriations utilizing the modified-accrual basis of accounting for all governmental funds. The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. A library is not considered to be in violation of the Act if reasonable procedures are in use by the library to detect violations.

The Public Libraries of Saginaw uses these procedures in establishing the budgetary data reflected in the financial statements:

1. The Library Director submits to the Board a proposed budget by July 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.

**Public Libraries of Saginaw, Michigan**  
**Notes to Financial Statements**  
**June 30, 2008**

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3. The Library Director is authorized to transfer budgeted amounts between functions; however, any revisions that alter the total expenditures of any fund must be approved by the Board.
4. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budgeted amounts are as originally adopted, or as amended by the Board throughout the year. The budget was amended at its June meeting.
6. Encumbrance accounting is employed in the General Fund. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**Note 3 - Deposits and Investments**

At year end, the Library and its component units' deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Component Units</u>
Cash and cash equivalents	\$ 11,237,290	\$ 529,443
Investments	<u>-</u>	<u>1,021,464</u>
Total	<u>\$ 11,237,290</u>	<u>\$ 1,550,907</u>

The breakdown between deposits and investments for the Library is

as follows:

The Library's cash and cash equivalents are mostly made up of deposits (checking, savings accounts, money markets, and certificates of deposit).

The Component Units' cash and cash equivalents and investments are made up of the following:

Deposits as described above of \$529,443 and \$1,021,464 of mutual funds.

Credit risk - State statutes authorize the Library to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the Library is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Library has no investment policy that would further limit its investment choices. As of June 30, 2008, the Library had no investments.

Concentration of credit risk - The Library has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. As of June 30, 2008, the Library's and the component units' bank balances were \$11,246,856 and \$1,553,424, respectively. Of that balance, \$10,721,574 and \$1,368,426 were exposed to custodial risk because it was uninsured and uncollateralized.

**Public Libraries of Saginaw, Michigan**  
**Notes to Financial Statements**  
**June 30, 2008**

**Note 4 - Capital Assets**

Capital assets activity of the primary government and component unit for the current year was as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<b>Primary Government</b>				
Governmental activities				
Capital assets not being depreciated				
Land	\$ 35,000	\$ -	\$ -	\$ 35,000
Capital assets being depreciated				
Building and building improvements	1,768,193	42,305	-	1,810,498
Furniture and equipment	548,437	-	-	548,437
Leasehold improvements	<u>3,604,313</u>	<u>-</u>	<u>-</u>	<u>3,604,313</u>
Total capital assets being depreciated	5,920,943	42,305	-	5,963,248
Less: Accumulated depreciation	<u>1,805,212</u>	<u>159,993</u>	<u>-</u>	<u>1,965,205</u>
Net capital assets being depreciated	<u>4,115,731</u>	<u>(117,688)</u>	<u>-</u>	<u>3,998,043</u>
Governmental activities capital assets, net	<u>\$ 4,150,731</u>	<u>\$ (117,688)</u>	<u>\$ -</u>	<u>\$ 4,033,043</u>
<b>Component Units</b>				
Capital assets not being depreciated				
Land and buildings	<u>\$ 4,647,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,647,061</u>

Depreciation for the fiscal year ended June 30, 2008, amounted to \$159,993 for the primary government. The Component Units do not depreciate capital assets.

Depreciation expense was charged to activities of the Library as follows:

Governmental activities	
Main library	\$ 121,595
Zauel	8,000
Butman Fish	23,999
Claytor	3,200
Ruth Brady Wickes	<u>3,199</u>
Total governmental activities	<u>\$ 159,993</u>

**Note 5 - Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes	\$ 23,000	\$ -
Accrued interest receivable	88,241	-
Branch materials	<u>-</u>	<u>33,900</u>
	<u>\$ 111,241</u>	<u>\$ 33,900</u>

**Public Libraries of Saginaw, Michigan**  
**Notes to Financial Statements**  
**June 30, 2008**

**Note 6 - Pension Plan/MPERS**

**Plan Description**

The Library has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees Retirement System (MPERS), which is a cost-sharing public employee retirement system (PERS).

The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems who has the authority to establish and amend benefit provisions. The Michigan Department of Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671 or calling 800-381-5111.

**Funding Policy**

The Library is required by State statute to contribute to MPERS an actuarially determined percentage of payroll for all participating employees. Additionally, employees participating in the Member Investment Plan contributed 3% to 4.3% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPERS contribution is allocated to cover health, dental and vision benefits.

A Member Investment Plan (MIP) member may retire at any age with 30 years of credited service; at age 60 with 10 or more years of credited service; or, at age 60 with 5 years of credited service provided the member has worked through his or her 60<sup>th</sup> birthday and has credited service in each of the five fiscal years immediately preceding the pension effective date.

Benefits vest after 10 years of service. Vested employees may retire at or after age 55 and receive reduced retirement benefits. Pension provisions include death and disability benefits.

Employees who retire after reaching the above mentioned requirements are entitled to 1 ½ percent of their final average compensation multiplied by the number of years of credited service.

The following table discloses pertinent information relative to MPERS funding for the three-year period beginning July 1, 2005 through June 30, 2008.

	Year Ended June 30,		
	2008	2007	2006
Funding percentage range	16.72 - 17.74%	16.34 - 17.74%	14.87 - 16.34%
Total library, payroll	\$ 2,504,646	\$ 2,514,677	\$ 2,516,428
Total covered payroll	1,201,457	1,181,497	1,250,241
Library contributions	201,098	202,617	260,191
Employee MIP contributions	23,537	23,397	26,637
Portion of Library contributions			
covering health, dental			
and vision benefits	39%	37%	40%

**Public Libraries of Saginaw, Michigan**  
**Notes to Financial Statements**  
**June 30, 2008**

**Note 7 - Defined Benefit Pension Plan**

Plan description – The government participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the government. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 447 N. Canal Rd., Lansing, Michigan 48917.

Funding policy – The obligation to contribute to and maintain the system for these employees was established by negotiation with the government's competitive bargaining units and requires a contribution from the employees of 4 percent of gross wages.

Annual pension costs – For fiscal year ended 2008, the Library's annual pension cost of \$70,655 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2007, using the entry actual age cost method. Significant actuarial assumptions used include: 1) a 8% investment rate of return; 2) projected salary increases of 4.5% percent per year; and 3) 4.5% percent per year cost of living adjustments. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 29 years.

Three year trend information as of December 31 follows:

	2007	2006	2005
Annual pension cost	\$ 70,597	\$ 64,434	\$ 52,547
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ 588,074	\$ 480,054	\$ 382,796
Actuarial value of assets	890,297	731,304	588,561
Actuarial accrued liability (AAL)	588,074	480,054	382,796
Unfunded (overfunded) AAL	(302,223)	(251,250)	(205,765)
Funded ratio	151%	152%	154%
Covered payroll	\$ 881,314	\$ 783,253	\$ 736,988
UAAL as a percentage of covered payroll	-34%	-32%	-28%

**Note 8 - Long-Term Debt**

Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	\$ 110,608	\$ 7,063	\$ -	\$ 117,671



**Public Libraries of Saginaw, Michigan**  
**Notes to Financial Statements**  
**June 30, 2008**

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**Note 9 - Post Employment Benefits Other Than Pension Benefits**

In addition to the pension benefits, the Library provides post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPERS). All health care benefits are on a self-insured basis. A significant portion of the premium is paid by MPERS with the balance deducted from the monthly pension.

The only requirements for insurance benefits are that the retiree or beneficiary make application and be in receipt of a monthly pension.

Expenditures for these benefits are recognized on a cash disbursement basis. During the year ended September 30, 2007, statewide expenditures of \$ 694 million were recognized for post-retirement health care, dental and vision. This represented approximately 20% of the total expenditures of the Michigan Public School Employees Retirement System.

**Note 10 - Operating Lease**

The Library extended a prior lease agreement with First Ward Community Service, Inc., to lease the ground floor of the First Ward Community Service office building, at 1410 North Twelfth Street, Saginaw, Michigan. The expense for the year ended June 30, 2008 was \$31,918. The Library has a month to month lease with First Ward for \$ 2,660 per month.

**Note 11 - Risk Management**

The Library participated in a self-insurance program through the Middle Cities Association. This program provides substantially all the insurance needs of the Library including property, general liability, automobile, umbrella and library commission legal liability.

Payments made for the year ended June 30, 2008 were \$18,890. The contributions made by the Library fund the program at two times the expected claims. The possibility of additional claims does exist, but any liability to the Library would be immaterial due to the aggregate stop-loss coverage. There is also a possibility of a refund due the Library. Therefore, no contingent liabilities or assets have been recognized on the Library's financial statements for the year ended June 30, 2008. The Library uses a commercial carrier for its workers' compensation insurance. There have been no claims for commercial insurance for the last three years.

**Note 12 – Subsequent Event**

Since year end, the United States and Worldwide financial markets have been in an extreme state of volatility. The effect of this volatility resulted the following:

**Hoyt Trust**

The market value of investments held by the Hoyt Trust declined from \$713,715 as of June 30, 2008 to \$554,863 as of the report date and the market value of assets held by others declined from \$791,131 as of June 30, 2008 to \$586,281 as of the opinion date.

**Saginaw Public Library Foundation**

The market value of the investments held by the Foundation declined from \$307,749 as of June 30, 2008 to \$242,174 as of the report date.

Management is aware of the situation and evaluating possible options. No adjustments have been deemed necessary for permanent impairment of these assets as of June 30, 2008.

**Public Libraries of Saginaw, Michigan**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Current local taxes	\$ 3,360,000	\$ 3,360,000	\$ 3,360,920	\$ 920
Interest on delinquent taxes	10,000	10,000	18,725	8,725
Payments in lieu of taxes	200,000	200,000	204,990	4,990
Delinquent taxes	10,000	10,000	1,514	(8,486)
Single business tax	-	-	271,734	271,734
Contract income	834,659	834,659	837,132	2,473
State aid	67,213	67,213	86,637	19,424
Grants	28,000	41,878	66,035	24,157
Contributions and gifts	25,000	36,198	72,039	35,841
Book fines and fees	57,500	57,500	62,710	5,210
Penal fines	547,000	547,000	446,000	(101,000)
Telefacsimile fees	5,300	5,300	7,175	1,875
Copy machines	12,800	12,800	12,734	(66)
Investment interest	275,000	275,000	558,418	283,418
Microcomputer support and maintenance	6,075	6,075	6,075	-
Universal service fund	-	-	10,132	10,132
Concessions	20,500	20,500	18,415	(2,085)
Processing data entry	49,950	49,950	49,946	(4)
Miscellaneous	<u>2,500</u>	<u>2,500</u>	<u>29,242</u>	<u>26,742</u>
Total revenues	<u>5,511,497</u>	<u>5,536,573</u>	<u>6,120,573</u>	<u>584,000</u>

**Public Libraries of Saginaw, Michigan**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>			Actual Over (Under) Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Expenditures</b>				
Main library	\$ 3,506,874	\$ 3,726,239	\$ 3,512,309	\$ (213,930)
Zauel	1,021,584	1,089,284	1,029,131	(60,153)
Butman Fish	877,810	949,522	885,657	(63,865)
Claytor	149,920	151,987	151,297	(690)
Ruth Brady Wickes	<u>157,068</u>	<u>177,600</u>	<u>158,207</u>	<u>(19,393)</u>
 Total expenditures	 <u>5,713,256</u>	 <u>6,094,632</u>	 <u>5,736,601</u>	 <u>(358,031)</u>
 Excess (deficiency) of revenues and other financing sources over (under) expenditures	 (201,759)	 (558,059)	 383,972	 942,031
 Fund balance - beginning of year	 <u>11,339,371</u>	 <u>11,339,371</u>	 <u>11,339,371</u>	 <u>-</u>
 <b>Fund balance - end of year</b>	 <u><u>\$ 11,137,612</u></u>	 <u><u>\$ 10,781,312</u></u>	 <u><u>\$ 11,723,343</u></u>	 <u><u>\$ 942,031</u></u>

**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Year Ended June 30, 2008 With Comparative Totals for the Year Ended 2007**

	Primary Government	Component Units	Totals Reporting Entity	
	Public Libraries of Saginaw General Fund	Hoyt Trust and SPL Foundation	2008	2007
<b>Revenues</b>				
Current local taxes	\$ 3,360,920	\$ -	\$ 3,360,920	\$ 3,501,047
Interest on delinquent taxes	18,725	-	18,725	17,167
Payments in lieu of taxes	204,990	-	204,990	193,426
Delinquent taxes	1,514	-	1,514	14,304
Single business tax	271,734	-	271,734	273,198
Contract income	837,132	196,516	1,033,648	989,843
State aid	86,637	-	86,637	104,897
Grants	66,035	-	66,035	41,208
Contributions and gifts	72,039	55,945	127,984	88,568
Book fines and fees	62,710	-	62,710	60,193
Penal fines	446,000	-	446,000	564,053
Telefacsimile fees	7,175	-	7,175	6,577
Copy machines	12,734	-	12,734	14,231
Investment income	558,418	53,119	611,537	544,704
Unrealized gains on investments	-	-	-	105,741
Realized gains on investments	-	-	-	80,259
Microcomputer support and maintenance	6,075	-	6,075	5,775
Universal service fund	10,132	-	10,132	2,533
Concessions	18,415	-	18,415	19,967
Processing data entry	49,946	-	49,946	48,500
Donations	-	35,859	35,859	28,591
Miscellaneous	29,242	1,938	31,180	10,344
Total revenues	6,120,573	343,377	6,463,950	6,715,126

**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Year Ended June 30, 2008 With Comparative Totals for the Year Ended 2007**

	Primary Government	Component Units	Totals Reporting Entity	
	Public Libraries of Saginaw General Fund	Hoyt Trust and SPL Foundation	2008	2007
<b>Expenditures</b>				
Main library	\$ 3,512,309	\$ -	\$ 3,512,309	\$ 3,293,648
Zauel	1,029,131	-	1,029,131	979,236
Butman Fish	885,657	-	885,657	945,321
Claytor	151,297	-	151,297	142,181
Ruth Brady Wickes	158,207	-	158,207	161,071
Hoyt Trust	-	310,424	310,424	195,781
Saginaw Public Libraries Foundation	-	65,892	65,892	24,551
	<u>5,736,601</u>	<u>376,316</u>	<u>6,112,917</u>	<u>5,741,789</u>
Total expenditures				
Excess (deficiency) of revenues and other financing sources over (under) expenditures	383,972	(32,939)	351,033	973,337
Fund balance - beginning of year	<u>11,339,371</u>	<u>7,011,970</u>	<u>18,351,341</u>	<u>17,378,004</u>
<b>Fund balance - end of year</b>	<u>\$ 11,723,343</u>	<u>\$ 6,979,031</u>	<u>\$ 18,702,374</u>	<u>\$ 18,351,341</u>

**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

	Year Ended June 30, 2008			Year Ended
	Budget	Actual	Over (Under) Budget	June 30, 2007 Actual
<b>Revenues</b>				
Current local taxes	\$ 3,360,000	\$ 3,360,920	\$ 920	\$ 3,501,047
Interest on delinquent taxes	10,000	18,725	8,725	17,167
Payments in lieu of taxes	200,000	204,990	4,990	193,426
Delinquent taxes	10,000	1,514	(8,486)	14,304
Single business tax	-	271,734	271,734	273,198
Contract income	834,659	837,132	2,473	794,871
State aid	67,213	86,637	19,424	104,897
Grants	41,878	66,035	24,157	41,208
Contributions and gifts	36,198	72,039	35,841	56,339
Book fines and fees	57,500	62,710	5,210	60,193
Penal fines	547,000	446,000	(101,000)	564,053
Telefacsimile fees	5,300	7,175	1,875	6,577
Copy machines	12,800	12,734	(66)	14,231
Investment interest	275,000	558,418	283,418	505,073
Microcomputer support and maintenance	6,075	6,075	-	5,775
Universal service fund	-	10,132	10,132	2,533
Concessions	20,500	18,415	(2,085)	19,967
Processing data entry	49,950	49,946	(4)	48,500
Miscellaneous	2,500	29,242	26,742	9,034
<b>Total revenues</b>	<b>5,536,573</b>	<b>6,120,573</b>	<b>584,000</b>	<b>6,232,393</b>

**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

	Year Ended June 30, 2008			Year Ended
	Budget	Actual	Over (Under) Budget	June 30, 2007 Actual
<b>Expenditures</b>				
Main library	\$ 3,726,239	\$ 3,512,309	\$ (213,930)	\$ 3,293,648
Zauel	1,089,284	1,029,131	(60,153)	979,236
Butman Fish	949,522	885,657	(63,865)	945,321
Claytor	151,987	151,297	(690)	142,181
Ruth Brady Wickes	177,600	158,207	(19,393)	161,071
	<u>6,094,632</u>	<u>5,736,601</u>	<u>(358,031)</u>	<u>5,521,457</u>
Total expenditures				
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(558,059)	383,972	942,031	710,936
Fund balance - beginning of year	<u>11,339,371</u>	<u>11,339,371</u>	<u>-</u>	<u>10,628,435</u>
<b>Fund balance - end of year</b>	<u><u>\$ 10,781,312</u></u>	<u><u>\$ 11,723,343</u></u>	<u><u>\$ 942,031</u></u>	<u><u>\$ 11,339,371</u></u>

**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**Schedule of Expenditures**

	Year Ended June 30, 2008							Year Ended	
			Butman		Ruth Brady	Total		Over	June
	Main	Zauel	Fish	Claytor	Wickes	Actual	Budget	(Under)	2007
								Budget	Actual
Salaries - professional and semi-professional	\$ 1,290,159	\$ 255,641	\$ 255,804	\$ 52,948	\$ 41,559	\$ 1,896,111	\$ 1,908,700	\$ (12,589)	\$ 1,814,255
Salaries - secretaries	219,791	119,130	118,133	12,435	13,257	482,746	485,200	(2,454)	458,951
Salaries - page	67,712	50,909	53,116	5,898	8,725	186,360	193,755	(7,395)	173,071
Salaries - substitute	39,309	13,918	11,678	2,448	2,896	70,249	72,300	(2,051)	69,732
Retirement	173,859	39,201	45,053	4,668	2,021	264,802	293,140	(28,338)	268,408
OASDI	99,287	27,095	26,796	4,577	4,120	161,875	166,115	(4,240)	155,033
Medicare	23,105	6,297	6,228	1,062	962	37,654	39,035	(1,381)	36,230
Dental insurance	25,649	7,128	7,043	-	-	39,820	40,175	(355)	36,268
Health insurance	240,660	85,290	77,216	13	13	403,192	404,090	(898)	333,746
Life insurance	2,350	489	482	65	64	3,450	3,560	(110)	3,012
Vision care insurance	5,428	1,514	1,491	-	-	8,433	8,570	(137)	8,068
Employee assistance program	2,019	475	475	-	-	2,969	3,010	(41)	2,450
Flexible benefit account	1,008	192	-	-	-	1,200	1,550	(350)	1,500
Workers` compensation	7,595	1,447	-	-	-	9,042	9,680	(638)	11,967
Unemployment	778	-	-	-	-	778	4,500	(3,722)	1,046
Books - adult	74,235	60,901	65,372	5,636	8,432	214,576	253,309	(38,733)	223,921
Books - juvenile	19,889	27,659	23,252	5,720	5,637	82,157	87,895	(5,738)	79,723
Books - genealogy	22,809	-	-	-	-	22,809	23,419	(610)	18,886
Books - reference	33,782	-	-	-	-	33,782	43,709	(9,927)	40,452
SPL foundation expenditures	3,326	4,170	4,157	1,206	1,993	14,852	18,504	(3,652)	11,472
Periodicals - adult	14,884	8,676	5,884	1,389	2,786	33,619	45,932	(12,313)	34,432
Periodicals - juvenile	1,004	683	570	336	326	2,919	3,855	(936)	3,039
Periodicals - genealogy	4,566	-	-	-	-	4,566	4,351	215	894
Microforms	12,549	-	-	-	-	12,549	17,000	(4,451)	11,884
On-line databases	37,854	13,817	-	-	-	51,671	55,661	(3,990)	46,493
Audio visual - adult	13,880	9,229	9,705	3,541	4,267	40,622	44,499	(3,877)	39,279
Audio visual - juvenile	3,014	2,168	3,330	1,313	1,260	11,085	11,885	(800)	10,495
Pamphlets	1,200	-	-	-	-	1,200	2,425	(1,225)	1,321
Binding - adult	1,884	-	-	-	-	1,884	3,000	(1,116)	3,297
Processing	-	49,944	-	-	-	49,944	49,950	(6)	48,500
Heat and utilities	-	-	37,136	-	6,207	43,343	52,700	(9,357)	46,314
Total carried forward	2,443,585	785,973	752,921	103,255	104,525	4,190,259	4,351,474	(161,215)	3,994,139



**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**Schedule of Expenditures**

	Year Ended June 30, 2008							Year Ended	
	Main	Zauel	Butman Fish	Claytor	Ruth Brady Wickes	Total Actual	Budget	Over (Under) Budget	June 2007 Actual
Total brought forward	\$ 2,443,585	\$ 785,973	\$ 752,921	\$ 103,255	\$ 104,525	\$ 4,190,259	\$ 4,351,474	\$ (161,215)	\$ 3,994,139
Telecommunications	43,726	6,223	-	-	-	49,949	50,730	(781)	50,030
Furniture and equipment -									
new and replacement	22,049	242	6,342	2,918	2,049	33,600	39,262	(5,662)	33,170
repairs and maintenance	806	60	2,339	-	-	3,205	10,200	(6,995)	981
repairs and remodeling	-	-	26,543	1,271	12,019	39,833	51,395	(11,562)	39,087
Janitorial service	47,415	-	17,318	-	6,240	70,973	73,962	(2,989)	71,377
Trash removal	1,873	-	1,483	-	287	3,643	3,745	(102)	3,281
Snow removal	14,255	-	9,945	-	4,200	28,400	28,650	(250)	16,753
Grounds maintenance	-	-	8,971	-	7,213	16,184	27,210	(11,026)	15,507
Security guard service	32,477	4,221	28,902	-	9,670	75,270	78,923	(3,653)	60,926
Security system - building	-	-	2,431	973	872	4,276	5,600	(1,324)	4,334
Copy machine	14,626	2,112	432	561	-	17,731	26,650	(8,919)	27,453
Rent	-	-	-	31,918	-	31,918	32,900	(982)	31,918
Insurance	21,192	4,456	-	-	-	25,648	26,025	(377)	28,778
Stationery and supplies	15,723	4,868	4,702	1,538	1,353	28,184	37,990	(9,806)	28,781
Circulation system supplies	1,353	578	868	154	123	3,076	7,810	(4,734)	5,689
OCLC expenses	14,594	-	-	-	-	14,594	14,590	4	10,760
Micro computer maintenance	-	6,075	-	-	-	6,075	6,075	-	5,775
Micro computer supplies	11,453	3,936	2,558	846	510	19,303	28,500	(9,197)	22,312
Micro computer support	3,305	-	-	-	-	3,305	4,805	(1,500)	5,611
Web service	3,022	-	-	-	-	3,022	5,280	(2,258)	4,266
Software	12,700	1,269	-	-	-	13,969	27,434	(13,465)	24,242
Computer equipment									
and technology upgrade	40,347	7,965	11,367	1,087	2,174	62,940	92,370	(29,430)	75,415
Printing	36,102	4,978	-	-	-	41,080	45,500	(4,420)	41,853
Legal notices	965	-	-	-	-	965	3,400	(2,435)	1,294
Public relations	57,780	-	-	-	-	57,780	59,195	(1,415)	51,164
Postage	32,773	8,510	-	-	-	41,283	41,565	(282)	36,299
Professional library expense	-	1,591	-	-	-	1,591	2,200	(609)	2,162
Employee mileage	7,223	758	227	80	118	8,406	10,050	(1,644)	7,983
Summer reading program	30,814	-	-	-	-	30,814	35,891	(5,077)	36,373
Total carried forward	2,910,158	843,815	877,349	144,601	151,353	4,927,276	5,229,381	(302,105)	4,737,713

**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**Schedule of Expenditures**

	Year Ended June 30, 2008							Year Ended	
	Main	Zauel	Butman Fish	Claytor	Ruth Brady Wickes	Total Actual	Budget	Over (Under) Budget	June 2007 Actual
Total brought forward	\$ 2,910,158	\$ 843,815	\$ 877,349	\$ 144,601	\$ 151,353	\$ 4,927,276	\$ 5,229,381	\$ (302,105)	\$ 4,737,713
Programs	1,827	1,369	1,627	850	845	6,518	10,550	(4,032)	5,258
Staff training	41,669	-	-	-	-	41,669	42,650	(981)	35,039
Juvenile staff training materials	134	-	-	-	-	134	500	(366)	67
Children's coordinator program	1,713	-	-	-	-	1,713	3,000	(1,287)	711
System wide programming	24,801	-	-	-	-	24,801	29,525	(4,724)	18,305
Educational materials	403	-	-	-	-	403	2,500	(2,097)	831
Miscellaneous	1,618	442	18	6	-	2,084	3,100	(1,016)	2,131
Pribil Trust	22,968	-	-	-	-	22,968	28,000	(5,032)	23,480
Contractual expense - Hoyt	196,516	-	-	-	-	196,516	209,025	(12,509)	195,592
Contractual expense - WPLC	33,360	14,297	-	-	-	47,657	48,506	(849)	50,383
Contractual expense - PLOS	-	136,203	-	-	-	136,203	136,203	-	127,679
Delivery service	10,638	-	-	-	-	10,638	10,750	(112)	5,438
Auditing and accounting	15,281	3,105	-	-	-	18,386	23,200	(4,814)	16,956
Professional and legal expense	19,827	-	-	-	-	19,827	25,000	(5,173)	19,980
Gates grant	10,522	-	-	4,505	4,505	19,532	-	19,532	29,850
Family Place Project	-	799	-	-	-	799	1,000	(201)	777
Network project	60,671	-	-	-	-	60,671	77,750	(17,079)	-
Butman Fish projects	-	-	-	-	-	-	200	(200)	87,544
Butman Fish video project	-	-	-	-	-	-	-	-	14,775
Data processing - database	1,633	159	-	-	-	1,792	2,950	(1,158)	3,138
Data processing - maintenance CPU	67,689	19,867	-	-	-	87,556	87,707	(151)	88,250
Data processing - supplies - cataloging	7,645	5,360	5,508	1,102	1,224	20,839	23,170	(2,331)	18,669
Data processing - supplies - circulation	1,704	1,305	1,155	233	280	4,677	6,503	(1,826)	4,126
Delinquent tax adjustment	35,171	-	-	-	-	35,171	35,175	(4)	9,439
Tax collection expense	1,657	-	-	-	-	1,657	2,825	(1,168)	2,167
Prior year encumbrance	44,704	2,410	-	-	-	47,114	55,462	(8,348)	23,159
Total expenditures	<u>\$ 3,512,309</u>	<u>\$ 1,029,131</u>	<u>\$ 885,657</u>	<u>\$ 151,297</u>	<u>\$ 158,207</u>	<u>\$ 5,736,601</u>	<u>\$ 6,094,632</u>	<u>\$ (358,031)</u>	<u>\$ 5,521,457</u>

**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**General Fund (Excluding Zauel)**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

	Year Ended June 30, 2008			Year Ended
	Budget	Actual	Over (Under) Budget	June 30, 2007 Actual
<b>Revenues</b>				
Current local taxes	\$ 3,360,000	\$ 3,360,920	\$ 920	\$ 3,501,047
Payments in lieu of taxes	200,000	204,990	4,990	193,426
Delinquent taxes	10,000	1,514	(8,486)	14,304
Interest on delinquent taxes	10,000	18,725	8,725	17,167
Single business tax	-	271,734	271,734	273,198
Contract income	145,453	155,883	10,430	145,343
State aid	37,000	60,696	23,696	73,550
Grants	41,878	61,409	19,531	37,156
Contributions and gifts	36,198	72,039	35,841	56,339
Book fines and fees	29,000	34,216	5,216	30,330
Penal fines	380,000	309,000	(71,000)	395,494
Telefacsimile fees	4,500	5,761	1,261	5,345
Copy machines	9,000	9,525	525	10,545
Investment interest	275,000	527,785	252,785	481,836
Microcomputer support and maintenance	6,075	6,075	-	5,775
Processing data entry	49,950	49,946	(4)	48,500
Universal service fund	-	9,220	9,220	2,468
Concessions	12,000	11,785	(215)	12,566
<b>Total revenues</b>	<b>4,606,054</b>	<b>5,171,223</b>	<b>565,169</b>	<b>5,304,389</b>

**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**General Fund (Excluding Zauel)**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

	Year Ended June 30, 2008			Year Ended June 30, 2007 Actual
	Budget	Actual	Over (Under) Budget	
<b>Expenditures</b>				
Main library	\$ 3,726,239	\$ 3,512,309	\$ (213,930)	\$ 3,293,648
Butman Fish	949,522	885,657	(63,865)	945,321
Claytor	151,987	151,297	(690)	142,181
Ruth Brady Wickes	177,600	158,207	(19,393)	161,071
Total expenditures	5,005,348	4,707,470	(297,878)	4,542,221
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(399,294)	463,753	863,047	762,168
Fund balance - beginning of year	10,911,154	10,911,154	-	10,148,986
<b>Fund balance - end of year</b>	<u>\$ 10,511,860</u>	<u>\$ 11,374,907</u>	<u>\$ 863,047</u>	<u>\$ 10,911,154</u>

**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**Schedule of Expenditures (Excluding Zauel)**

	Year Ended June 30, 2008							Year Ended
	Main	Butman Fish	Claytor	Ruth Brady Wickes	Total Actual	Budget	Over (Under) Budget	June 30, 2007 Actual
Salaries - professional and semi-professional	\$ 1,290,159	\$ 255,804	\$ 52,948	\$ 41,559	\$ 1,640,470	\$ 1,653,000	\$ (12,530)	\$ 1,572,945
Salaries - secretaries	219,791	118,133	12,435	13,257	363,616	365,750	(2,134)	346,903
Salaries - page	67,712	53,116	5,898	8,725	135,451	142,255	(6,804)	126,002
Salaries - substitute	39,309	11,678	2,448	2,896	56,331	57,800	(1,469)	52,692
Retirement	173,859	45,053	4,668	2,021	225,601	251,590	(25,989)	229,853
OASDI	99,287	26,796	4,577	4,120	134,780	138,515	(3,735)	129,226
Medicare	23,105	6,228	1,062	962	31,357	32,560	(1,203)	30,217
Dental insurance	25,649	7,043	-	-	32,692	33,025	(333)	30,127
Health insurance	240,660	77,216	13	13	317,902	318,540	(638)	265,631
Life insurance	2,350	482	65	64	2,961	3,060	(99)	2,584
Vision care insurance	5,428	1,491	-	-	6,919	7,050	(131)	6,702
Employee assistance program	2,019	475	-	-	2,494	2,530	(36)	2,069
Flexible benefit account	1,008	-	-	-	1,008	1,300	(292)	1,270
Workers` compensation	7,595	-	-	-	7,595	8,200	(605)	10,052
Unemployment	778	-	-	-	778	4,500	(3,722)	1,046
Books - adult	74,235	65,372	5,636	8,432	153,675	177,107	(23,432)	156,367
Books - juvenile	19,889	23,252	5,720	5,637	54,498	57,120	(2,622)	52,895
Books - genealogy	22,809	-	-	-	22,809	23,419	(610)	18,886
Books - reference	33,782	-	-	-	33,782	43,709	(9,927)	40,452
SPL foundation expenditures	3,326	4,157	1,206	1,993	10,682	13,878	(3,196)	8,522
Periodicals - adult	14,884	5,884	1,389	2,786	24,943	33,107	(8,164)	25,518
Periodicals - juvenile	1,004	570	336	326	2,236	2,890	(654)	2,198
Periodicals - genealogy	4,566	-	-	-	4,566	4,351	215	894
Microforms	12,549	-	-	-	12,549	17,000	(4,451)	11,884
On-line databases	37,854	-	-	-	37,854	41,841	(3,987)	34,074
Audio visual - adult	13,880	9,705	3,541	4,267	31,393	33,939	(2,546)	30,638
Audio visual - juvenile	3,014	3,330	1,313	1,260	8,917	9,395	(478)	8,479
Pamphlets	1,200	-	-	-	1,200	2,425	(1,225)	1,321
Binding - adult	1,884	-	-	-	1,884	3,000	(1,116)	3,297
Heat and utilities	-	37,136	-	6,207	43,343	52,700	(9,357)	46,314
Total carried forward	2,443,585	752,921	103,255	104,525	3,404,286	3,535,556	(131,270)	3,249,058

**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**Schedule of Expenditures (Excluding Zauel)**

	Year Ended June 30, 2008							Year Ended
	Main	Butman Fish	Claytor	Ruth Brady Wickes	Total Actual	Budget	Over (Under) Budget	June 30, 2007 Actual
Total brought forward	\$ 2,443,585	\$ 752,921	\$ 103,255	\$ 104,525	\$ 3,404,286	\$ 3,535,556	\$ (131,270)	\$ 3,249,058
Telecommunications	43,726	-	-	-	43,726	43,730	(4)	44,601
Furniture and equipment - new and replacement	22,049	6,342	2,918	2,049	33,358	38,262	(4,904)	31,663
Furniture and equipment - repairs and maintenance	806	2,339	-	-	3,145	8,725	(5,580)	741
Building - maintenance, repairs and remodeling	-	26,543	1,271	12,019	39,833	51,395	(11,562)	39,087
Janitorial service	47,415	17,318	-	6,240	70,973	73,962	(2,989)	71,377
Trash removal	1,873	1,483	-	287	3,643	3,745	(102)	3,281
Snow removal	14,255	9,945	-	4,200	28,400	28,650	(250)	16,753
Grounds maintenance	-	8,971	-	7,213	16,184	27,210	(11,026)	15,507
Security guard service	32,477	28,902	-	9,670	71,049	74,698	(3,649)	60,926
Security system - building	-	2,431	973	872	4,276	5,600	(1,324)	4,334
Copy machine	14,626	432	561	-	15,619	23,950	(8,331)	25,298
Rent	-	-	31,918	-	31,918	32,900	(982)	31,918
Insurance	21,192	-	-	-	21,192	21,500	(308)	24,290
Stationery and supplies	15,723	4,702	1,538	1,353	23,316	32,490	(9,174)	24,173
Circulation system supplies	1,353	868	154	123	2,498	6,975	(4,477)	4,320
OCLC expenses	14,594	-	-	-	14,594	14,590	4	10,760
Micro computer supplies	11,453	2,558	846	510	15,367	24,500	(9,133)	18,479
Micro computer support	3,305	-	-	-	3,305	4,805	(1,500)	5,611
Web service	3,022	-	-	-	3,022	4,730	(1,708)	4,266
Software	12,700	-	-	-	12,700	23,434	(10,734)	22,774
Computer equipment and technology upgrade	40,347	11,367	1,087	2,174	54,975	74,470	(19,495)	61,948
Printing	36,102	-	-	-	36,102	40,000	(3,898)	37,195
Legal notices	965	-	-	-	965	3,000	(2,035)	1,294
Total carried forward	2,781,568	877,122	144,521	151,235	3,954,446	4,198,877	(244,431)	3,809,654

**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**Schedule of Expenditures (Excluding Zauel)**

	Year Ended June 30, 2008						Year Ended	
		Butman		Ruth Brady	Total		Over	June 30,
	Main	Fish	Claytor	Wickes	Actual	Budget	(Under)	2007
							Budget	Actual
Total brought forward	\$ 2,781,568	\$ 877,122	\$ 144,521	\$ 151,235	\$ 3,954,446	\$ 4,198,877	\$ (244,431)	\$ 3,809,654
Public relations	57,780	-	-	-	57,780	59,195	(1,415)	51,164
Postage	32,773	-	-	-	32,773	33,050	(277)	30,246
Employee mileage	7,223	227	80	118	7,648	9,150	(1,502)	7,543
Summer reading program	30,814	-	-	-	30,814	32,141	(1,327)	34,948
Programs	1,827	1,627	850	845	5,149	8,550	(3,401)	4,659
Staff training	41,669	-	-	-	41,669	42,650	(981)	35,039
Juvenile staff training materials	134	-	-	-	134	500	(366)	67
Children's coordinator program	1,713	-	-	-	1,713	3,000	(1,287)	711
System wide programming	24,801	-	-	-	24,801	29,525	(4,724)	18,305
Educational materials	403	-	-	-	403	2,500	(2,097)	831
Miscellaneous	1,618	18	6	-	1,642	2,700	(1,058)	1,763
Pribil Trust	22,968	-	-	-	22,968	28,000	(5,032)	23,480
Contractual expense - Hoyt	196,516	-	-	-	196,516	209,025	(12,509)	195,592
Contractual expense - WPLC	33,360	-	-	-	33,360	33,400	(40)	35,327
Delivery service	10,638	-	-	-	10,638	10,750	(112)	5,438
Auditing and accounting	15,281	-	-	-	15,281	20,000	(4,719)	14,323
Professional and legal expense	19,827	-	-	-	19,827	25,000	(5,173)	19,980
Gates grant	10,522	-	4,505	4,505	19,532	-	19,532	29,850
Network project	60,671	-	-	-	60,671	77,750	(17,079)	-
Butman Fish projects	-	-	-	-	-	200	(200)	87,544
Butman Fish video project	-	-	-	-	-	-	-	14,775
Data processing - database	1,633	-	-	-	1,633	2,200	(567)	2,549
Data processing - maintenance CPU	67,689	-	-	-	67,689	67,707	(18)	68,110
Data processing - supplies - cataloging	7,645	5,508	1,102	1,224	15,479	18,170	(2,691)	14,137
Data processing - supplies - circulation	1,704	1,155	233	280	3,372	5,003	(1,631)	2,959
Delinquent tax adjustment	35,171	-	-	-	35,171	35,175	(4)	9,439
Tax collection expense	1,657	-	-	-	1,657	2,825	(1,168)	2,167
Prior year encumbrance	44,704	-	-	-	44,704	48,305	(3,601)	21,621
Total expenditures	\$ 3,512,309	\$ 885,657	\$ 151,297	\$ 158,207	\$ 4,707,470	\$ 5,005,348	\$ (297,878)	\$ 4,542,221

**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**Schedule of Zauel Branch Revenues**  
**and Expenditures - Budget and Actual**

	Year Ended June 30, 2008			Year Ended
	Budget	Actual	Over (Under) Budget	June 30, 2007 Actual
<b>Revenues</b>				
Saginaw Township	\$ 689,206	\$ 681,249	\$ (7,957)	\$ 649,528
State aid	30,213	25,941	(4,272)	31,347
Book fines and fees	28,500	28,494	(6)	29,863
Penal fines	167,000	137,000	(30,000)	168,559
Copy machines	3,800	3,209	(591)	3,686
Concessions	8,500	6,630	(1,870)	7,401
Telefacsimile fees	800	1,414	614	1,232
Universal service fund	-	912	912	65
Interest	-	30,633	30,633	23,237
Grants	-	4,626	4,626	4,052
Miscellaneous	2,500	29,242	26,742	9,034
Total revenue	930,519	949,350	18,831	928,004
<b>Expenditures</b>				
Salaries - professional and semi-professional	\$ 255,700	\$ 255,641	\$ (59)	\$ 241,310
Salaries - secretaries	119,450	119,130	(320)	112,048
Salaries - page	51,500	50,909	(591)	47,069
Salaries - substitute	14,500	13,918	(582)	17,040
Retirement	41,550	39,201	(2,349)	38,555
OASDI	27,600	27,095	(505)	25,807
Medicare	6,475	6,297	(178)	6,013
Dental insurance	7,150	7,128	(22)	6,141
Health insurance	85,550	85,290	(260)	68,115
Life insurance	500	489	(11)	428
Total carried forward	609,975	605,098	(4,877)	562,526



**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**Schedule of Zauel Branch Revenues**  
**and Expenditures - Budget and Actual**

	Year Ended June 30, 2008			Year Ended
	Budget	Actual	Over (Under) Budget	June 30, 2007 Actual
Total brought forward	\$ 609,975	\$ 605,098	\$ (4,877)	\$ 562,526
Vision care insurance	1,520	1,514	(6)	1,366
Employee assistance program	480	475	(5)	381
Flexible benefit account	250	192	(58)	230
Workers' compensation	1,480	1,447	(33)	1,915
Books - adult	76,202	60,901	(15,301)	67,554
Books - juvenile	30,775	27,659	(3,116)	26,828
SPL foundation expenditures	4,626	4,170	(456)	2,950
Periodicals - adult	12,825	8,676	(4,149)	8,914
Periodicals - juvenile	965	683	(282)	841
Periodicals - genealogy	-	-	-	-
On-line databases	13,820	13,817	(3)	12,419
Audio visual - adult	10,560	9,229	(1,331)	8,641
Audio visual - juvenile	2,490	2,168	(322)	2,016
Processing	49,950	49,944	(6)	48,500
Telecommunications	7,000	6,223	(777)	5,429
Furniture and equipment - new and replacement	1,000	242	(758)	1,507
Furniture and equipment - repairs and maintenance	1,475	60	(1,415)	240
Security guard service	4,225	4,221	(4)	-
Copy machine	2,700	2,112	(588)	2,155
Insurance	4,525	4,456	(69)	4,488
Stationery and supplies	5,500	4,868	(632)	4,608
Circulation system supplies	835	578	(257)	1,369
Micro computer maintenance	6,075	6,075	-	5,775
Micro computer supplies	4,000	3,936	(64)	3,833
Web service	550	-	(550)	-
Software	4,000	1,269	(2,731)	1,468
Total carried forward	857,803	820,013	(37,790)	775,953

**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**Schedule of Zauel Branch Revenues**  
**and Expenditures - Budget and Actual**

	Year Ended June 30, 2008			Year Ended
	Budget	Actual	Over (Under) Budget	June 30, 2007 Actual
Total brought forward	\$ 857,803	\$ 820,013	\$ (37,790)	\$ 775,953
Computer equipment and technology upgrade	17,900	7,965	(9,935)	13,467
Printing	5,500	4,978	(522)	4,658
Legal notices	400	-	(400)	-
Postage	8,515	8,510	(5)	6,053
Professional library expenses	2,200	1,591	(609)	2,162
Employee mileage	900	758	(142)	440
Summer reading program	3,750	-	(3,750)	1,425
Programs	2,000	1,369	(631)	599
Miscellaneous	400	442	42	368
Contractual expense - WPLC	15,106	14,297	(809)	15,056
Contractual expense - PLOS	136,203	136,203	-	127,679
Auditing and accounting	3,200	3,105	(95)	2,633
Family Place Project	1,000	799	(201)	777
Data processing - database	750	159	(591)	589
Data processing - maintenance CPU	20,000	19,867	(133)	20,140
Data processing - supplies - cataloging	5,000	5,360	360	4,532
Data processing - supplies - circulation	1,500	1,305	(195)	1,167
Prior year encumbrance	7,157	2,410	(4,747)	1,538
Total expenditures	<u>1,089,284</u>	<u>1,029,131</u>	<u>(60,153)</u>	<u>979,236</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$ (158,765)</u>	<u>\$ (79,781)</u>	<u>\$ 78,984</u>	<u>\$ (51,232)</u>

**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**Combining Statement of Net Assets**  
**Component Units**  
**June 30, 2008**

	<u>Hoyt Trust</u>	<u>Saginaw Public Libraries Foundation</u>	<u>Total Component Units</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 469,445	\$ 59,998	\$ 529,443
Investments	713,715	307,749	1,021,464
Accounts receivable	3,826	-	3,826
Total current assets	<u>1,186,986</u>	<u>367,747</u>	<u>1,554,733</u>
Noncurrent assets			
Assets held by others	791,131	-	791,131
Capital assets	4,647,061	-	4,647,061
Total noncurrent assets	<u>5,438,192</u>	<u>-</u>	<u>5,438,192</u>
<b>Total assets</b>	<u><u>\$ 6,625,178</u></u>	<u><u>\$ 367,747</u></u>	<u><u>\$ 6,992,925</u></u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	<u>\$ 13,614</u>	<u>\$ 280</u>	<u>\$ 13,894</u>
<b>Net assets</b>			
Invested in capital assets	4,647,061	-	4,647,061
Restricted for:			
Hoyt Trust	1,122,541	-	1,122,541
Saginaw Public Library Foundation	-	367,467	367,467
Unrestricted	841,962	-	841,962
Total net assets	<u>6,611,564</u>	<u>367,467</u>	<u>6,979,031</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 6,625,178</u></u>	<u><u>\$ 367,747</u></u>	<u><u>\$ 6,992,925</u></u>

**Public Libraries of Saginaw, Michigan**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Component Units**  
**Year Ended June 30, 2008**

	Hoyt Trust	Saginaw Public Libraries Foundation	Total Component Units
<b>Revenues</b>			
Contract income	\$ 196,516	\$ -	\$ 196,516
Contributions and gifts	3,503	52,442	55,945
Investment income	42,625	10,494	53,119
Donations	35,859	-	35,859
Miscellaneous	1,587	351	1,938
Total revenues	<u>280,090</u>	<u>63,287</u>	<u>343,377</u>
<b>Expenditures</b>			
Utilities	94,080	-	94,080
Building maintenance	80,173	-	80,173
Grounds maintenance	5,569	-	5,569
Security system	3,263	-	3,263
Insurance	9,073	-	9,073
Professional services	2,751	2,409	5,160
Unrealized loss on investments	57,766	12,303	70,069
Realized Loss on investments	24,437	23,052	47,489
Miscellaneous	5,312	53	5,365
Printing and supplies	-	2,481	2,481
Public relations	-	7,090	7,090
Grants	28,000	18,504	46,504
Total expenditures	<u>310,424</u>	<u>65,892</u>	<u>376,316</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses	(30,334)	(2,605)	(32,939)
Fund balance - beginning of year	<u>6,641,898</u>	<u>370,072</u>	<u>7,011,970</u>
<b>Fund balance - end of year</b>	<u>\$ 6,611,564</u>	<u>\$ 367,467</u>	<u>\$ 6,979,031</u>



3023 Davenport  
Saginaw, MI 48602  
Phone (989) 793-9830 / (800) 968-0010  
Fax (989) 793-0186

October 20, 2008

Management and the Board of Trustees  
Public Libraries of Saginaw, Michigan  
505 Janes  
Saginaw, Michigan

Dear Management and Board of Trustees:

We have completed our audit of the financial statements of Public Libraries of Saginaw, Michigan as of and for the year ended June 30, 2008 and have issued our report dated October 20, 2008. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The appendices to this letter set forth those communications as follows:

I Auditors' Communication of Significant Matters with Those Charged with Governance

II Management Comments

We discussed these matters with various personnel in the organization during the audit and have already met with management on October 20, 2008. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of management, the Board of Trustees, others within the organization, and are not intended to be and should not be used by anyone other than those specified parties.

*Yeo & Yeo, P.C.*  
Saginaw, Michigan

### **Responsibilities under generally accepted auditing standards**

As stated in our engagement letter dated May 12, 2008, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Our responsibility, as prescribed by US GAAS, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects. Our audit does not relieve you of your responsibilities.

### **Planned Scope and Timing of the Audit**

We performed the audit as outlined in our discussion with you related to planning matters on May 12, 2008.

### **Significant Audit Findings**

#### **Qualitative Aspects of Accounting Practices**

- Management is responsible for the selection and use of appropriate accounting policies. We will advise management about their appropriateness and application. The significant accounting policies are described in Note of the financial statements. We noted no transactions entered into by the organization during the year where there is lack of authoritative guidance or consensus. There are no significant transactions that were recognized in a period other than which they occurred.
- Accounting estimates are based on management's knowledge and experience about past and current events and assumptions. Some estimates are sensitive because of their significance to the financial statements and the fact that future events affecting them may differ from those expected. The most sensitive accounting estimate and how they were derived by management is: compensated absences calculated from management's estimate of employees becoming vested.
- Disclosures in the financial statements are neutral, consistent and clear. Certain disclosures are more sensitive than others due to their relevance to the users of the financial statements.

#### **Difficulties Encountered During the Audit**

- None

#### **Corrected and Uncorrected Misstatements**

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. The adjustments identified during the audit have been communicated to management and management has posted all adjustments.

### **Disagreements with Management**

A disagreement with management is defined as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, which could be significant, individually or in the aggregate to the financial statements or the auditors' report. We had no disagreements with management during the audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

### **Management's Consultations with Other Accountants**

From time to time, management may decide to consult with other accountants about audit and accounting matters. Should this occur, professional standards require the consulting accountant to communicate with us to determine that they have all the relevant facts. To our knowledge, there were no consultations with other accountants during the year.

### **Significant Issues Discussed or Subject to Correspondence with Management**

From time to time auditors discuss significant issues with management such as business conditions affecting the entity, business plans and strategies that may affect the risk of material misstatement and the application of accounting principles and auditing standards. The issues discussed during the audit occurred during the normal course of our professional relationship and our responses were not a condition to our retention.

## Appendix II Management Comments

In planning and performing our audit of the financial statements of the Public Libraries of Saginaw, Michigan as of and for the year ended June 30, 2008, we considered the Public Libraries of Saginaw, Michigan's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls, improving operating efficiency and reducing expenses. This letter does not affect our report dated October 20, 2008, on the financial statements of the Public Libraries of Saginaw, Michigan. Our comments and recommendations regarding those matters are:

### **Accounts Payable**

During our audit, we requested several items from the accounts payable clerk. Among those items requested, included an accounts payable listing reconciled to the general ledger. The listing was not available and the clerk was unable to provide a list that reconciled to the general ledger. After much effort, we were able to prepare a list from separated check runs prepared for the previous year, and dated as checks in the subsequent year.

We recommend that the accounts payable listing reviewed by someone other than the individual preparing the listing. By performing this activity, management can accurately and effectively mitigate possible errors and project cash needs more accurately. Furthermore, additional training may be needed to properly prepare and manage the accounts.